



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE
Real Estate Division

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Board of Supervisors
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First District

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Fifth District

March 6, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

FIVE-YEAR LEASE RENEWAL OPTION - LEASE NO. 72911
OFFICE OF THE ASSESSOR
1190 DURFEE AVENUE, SOUTH EL MONTE
(FIRST DISTRICT) (3 VOTES)

SUBJECT

This recommendation is for a five-year lease renewal for 38,000 rentable square feet and 136 parking spaces for the Office of the Assessor to provide continued use of existing office space for the East District Office.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed lease extension is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to exercise the five-year option to renew the lease with Whittier Narrows Business Park, for 38,000 rentable square feet of office space located at 1190 Durfee Avenue, South El Monte, for the Office of the Assessor at an initial annual rent not to exceed \$807,120. The lease costs are approximately 50 percent revenue offset and 50 percent net County cost.

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3. Authorize the Chief Executive Officer and the Assessor to implement the lease option renewal, which shall become effective upon approval by your Board following the expiration of the current lease term.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Office of the Assessor (Assessor) has occupied 38,000 rentable square feet and 136 parking spaces at this location for the East District Office since June 2002. The East District is an Assessor district office responsible for assessing and maintaining the records for residential and commercial-industrial buildings and businesses within the geographic service area. The Assessor East District Office is a direct service program, and provides public service to clients that require assistance with real and personal property assessments and tax bills. The facility is centrally located near the 60 and 605 Freeways and also near Metropolitan Transportation Authority bus routes, providing accessibility to residents and businesses in the east County area.

The proposed lease renewal will allow the Assessor to continue operating from this central location providing the Assessor with the needed office space to continue serving the East District area of the County. The current facility meets the needs of the program and the Assessor has requested the five-year option be exercised at this time. The lease renewal will also preserve the County's option to purchase the facility at 95 percent of fair market value should the County decide to purchase the facility in the future. The current lease will expire June 5, 2012.

Pursuant to the lease, and subsequent communication with the lessor, the option to renew the lease must be exercised no less than 60 days prior to the current lease term expiration or the County will forfeit the rental reduction.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goals of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public service. In this case, the proposed action will enable the Assessor to continue to provide uninterrupted services to the East District region in a centrally located facility.

FISCAL IMPACT/FINANCING

The proposed lease renewal will provide the Assessor use of 38,000 square feet of office space and 136 parking spaces at a monthly rent of \$67,260, or \$807,120 annually. This is a full service lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. The lease extension will have a reduced rental rate, which represents a 9 percent reduction in current rent costs.

1190 Durfee Ave. South El Monte	Existing Lease	Proposed Option	Change
Area (Square Feet)	38,000	38,000	None
Term (years)	Five years	Five years	None
Annual Base Rent	\$891,097 (\$23.45 per square foot)	\$807,120 (\$21.24 per square foot)	-\$83,977 (-\$2.21 per square foot)
Parking Included in Rent	136 spaces	136 spaces	None
Cancellation	None	None	None
Purchase Option	Yes, at conclusion of lease term.	Yes, at conclusion of lease term.	None
Lease Options	One five-year option	No options remaining	Second five-year option exercised.
Rental Adjustment	Consumer Price Index (CPI) cap of 5 percent	CPI capped at 5 percent	None

Sufficient funding for the proposed lease renewal is included in the Fiscal Year 2011-12 Rent Expense budget and will be charged back to the Assessor. Approximately 50 percent of the lease costs for this program are revenue offset and the remaining 50 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

A notice of intent to exercise the option to renew has been adequately provided to the Lessor. The lease renewal requires your Board to exercise the option and contains the following terms and conditions:

- Commencement of the lease renewal on June 6, 2012, and expires five years thereafter.

- The lease continues on a full-service gross basis whereby the Lessor is responsible for the operating and maintenance costs.
- The lease includes 136 parking spaces.
- There is no cancellation provision per the original lease in exchange for pre-negotiated reduced rental rates.
- The lease continues to provide an option to purchase.
- The rent under the lease renewal will continue to be subject to annual rental rate adjustments based upon CPI with a maximum increase of 5 percent per annum.

The Chief Executive Office (CEO) Real Estate Division staff conducted a survey within the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically, nor are there any County-owned or leased facilities available for this program. Based upon said survey, staff has established that the base rental range for similar property is between \$16.80 and \$28.80 per square foot per year on a full-service gross basis, including parking. Thus, the base annual rent of \$21.24 per square foot per year on a full-service gross basis; including parking for the proposed lease represents a rate within the market range for the area. Attachment B shows County-owned and leased facilities within the search area for these programs and none are available to house this program.

The Department of Public Works previously inspected this facility and its recommendation concluded the facility was suitable for County's occupancy. In 2002, the original tenant improvements were built in compliance with Americans with Disabilities Act (ADA). Due to time constraints associated with the exercise of the option to renew, should additional constraints or barriers become evident, the County will work collaboratively with the lessor to achieve compliance with ADA as necessary.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CEO has concluded that this project is exempt from California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

The Honorable Board of Supervisors

March 6, 2012

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed option to extend the lease will provide the necessary office space for this County requirement. The Assessor concurs with the proposed lease extension.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:FC:ls

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Assessor
Auditor-Controller

BL 1190 Durfee Ave So. El Monte- Assessor

OFFICE OF THE ASSESSOR
1190 DURFEE AVENUE, SOUTH EL MONTE
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ² The Assessor will be occupying the entire building, therefore consolidation with other departments is not possible.		X	
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ²	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program?	X		
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?	X		
	D	If no, are there any suitable County-owned facilities available?			X
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered?		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?		X	
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

**OFFICE OF THE ASSESSOR
SEARCH AREA WITHIN A 5 MILE RADIUS OF
1190 DURFEE AVENUE, SOUTH EL MONTE**

Facility Name	Address	Gross SQFT	Net SQFT	Ownership	Square Feet Available
PUBLIC LIBRARY-ROSEMEAD LIBRARY	8800 VALLEY BLVD, ROSEMEAD 91770	29860	23394	OWNED	NONE
MACLAREN CHILDREN'S CENTER	4024 N DURFEE AVE, EL MONTE 91732	71733	39555	OWNED	NONE
MACLAREN CHILDREN'S CTR-R.U.M. TRAILER	4024 N DURFEE AVE, EL MONTE 91732	3600	3240	OWNED	NONE
FIRE-SAN GABRIEL VALLEY HAZ-MAT FIELD OFFICE	5110 N PECK RD, EL MONTE 91732	1298	1103	PERMIT	NONE
PUBLIC LIBRARY-NORWOOD LIBRARY	4550 N PECK RD, EL MONTE 91732	10303	8610	OWNED	NONE
SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	120000	108000	LEASED	NONE
DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	41836	39744	LEASED	NONE
DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	41836	39744	LEASED	NONE
PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	80098	72088	LEASED	NONE
PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	61402	55262	LEASED	NONE
PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	21500	19350	LEASED	NONE
SAN GABRIEL VALLEY FAMILY SERVICE CENTER II	3400 AEROJET AVE, EL MONTE 91731	128556	116966	LEASED	NONE
SAN GABRIEL VALLEY FAMILY SERVICE CENTER II	3400 AEROJET AVE, EL MONTE 91731	3250	3034	LEASED	NONE
MENTAL HEALTH-LA MERCED INTERMEDIATE SCHOOL	215 E AVENDA DE LA MERCED, MONTEBELLO 90640	120	120	GRATIS	NONE
SHERIFF-VEHICLE THEFT PROGRAM HEADQUARTERS	9040 TELSTAR AVE, EL MONTE 91731	5320	5054	LEASED	NONE
EL MONTE COURTHOUSE	11234 E VALLEY BLVD, EL MONTE 91731	136511	79129	OWNED	NONE
DPSS-ADMINISTRATIVE HEADQUARTERS EAST ANNEX	12900 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	25358	22977	LEASED	NONE
DPSS-ADMINISTRATIVE HEADQUARTERS EAST ANNEX	12900 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	8887	8443	LEASED	NONE
ASSESSOR-EAST DISTRICT OFFICE	1190 DURFEE AVE, SOUTH EL MONTE 91733	19000	17100	LEASED	NONE
ASSESSOR-EAST DISTRICT OFFICE	1190 DURFEE AVE, SOUTH EL MONTE 91733	8871	7984	LEASED	NONE
ASSESSOR-EAST DISTRICT OFFICE	1190 DURFEE AVE, SOUTH EL MONTE 91733	10129	9116	LEASED	NONE
ASSESSOR-EAST DISTRICT OFFICE	1190 DURFEE AVE, SOUTH EL MONTE 91733	38000	34200	LEASED	NONE
SAN GABRIEL VALLEY SERVICE CENTER	1441 SANTA ANITA AVE, SOUTH EL MONTE 91733	17650	12701	OWNED	NONE
WHITTIER NARROWS-DIRECTORS OFFICE	1601 ROSEMEAD BOULEVARD RD, SO EL MONTE 91733	942	408	GRATIS	NONE
DPSS-ADMINISTRATIVE HEADQUARTERS	12860 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	55000	41943	LEASED	NONE
PUBLIC LIBRARY-EL MONTE LIBRARY	3224 N TYLER AVE, EL MONTE 91731	11906	10153	OWNED	NONE
EAST SERVICES AGENCY-OFFICE BUILDING	265 CLOVERLEAF DR, BALDWIN PARK 91706	1440	1055	OWNED	NONE
DPSS-ADMINISTRATIVE HEADQUARTERS WEST ANNEX	12820 CROSSROADS PKWY S, CITY OF INDUSTRY 91745	33331	28331	LEASED	NONE
PUBLIC LIBRARY-SOUTH EL MONTE LIBRARY	1430 N CENTRAL AVE, SOUTH EL MONTE 91733	6416	5408	OWNED	NONE
PUBLIC LIBRARY-SUNKIST LIBRARY	840 N PUENTE AVE, LA PUENTE 91746	8314	6957	OWNED	NONE
PW ROAD-DIV #146/446 YARD OFFICE	9521 E BEVERLY BLVD, PICO RIVERA 90660	660	594	OWNED	NONE
PW FLOOD-SAN GABRIEL SPREADING GROUNDS OFFICE	9618 E WHITTIER BLVD, PICO RIVERA 90660	735	662	OWNED	NONE
PUBLIC LIBRARY-PICO RIVERA LIBRARY	9001 MINES AVE, PICO RIVERA 90660	7700	6317	OWNED	NONE
PW ROAD-DIV #146/446 MAINTENANCE YARD OFFICE	9521 E BEVERLY BLVD, PICO RIVERA 90660	1080	708	OWNED	NONE